



## **Brochure/Form ADV Part 2A**

### **Legal & General Investment Management America Inc.**

8755 West Higgins Road, Chicago, IL 60631

[www.lgima.com](http://www.lgima.com)

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## Introduction

Legal & General Investment Management America, Inc ("LGIMA") is an investment adviser registered with the Securities and Exchange Commission ("SEC"). This brochure provides information about the qualifications and business practices of LGIMA and constitutes our Form ADV Part 2A. If you have any questions about the contents of this brochure, please contact us at (773) 639 3443 or e-mail [lawrence.griffin@lgima.com](mailto:lawrence.griffin@lgima.com)

**The information in this brochure has not been approved or verified by the SEC or any state or foreign securities authority. Registration does not imply that LGIMA, or its associates, have attained a certain level of skill or training. We encourage you to visit the SEC's Investment Adviser Public Disclosure ("IAPD") for more information about LGIMA. The IAPD web address: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ITEM 2 – MATERIAL CHANGES

This brochure was updated in January 2012 and reflects information regarding the management of private funds and custody of those funds' assets.

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**ITEM 4 – ADVISORY BUSINESS****A. Description of the Advisory Firm**

LGIMA is a company incorporated under the laws of the State of Delaware. LGIMA is a wholly owned subsidiary of Legal & General Investment Management (Holdings) Ltd. ("LGIM(H)"), a company incorporated under the laws of England and Wales and regulated by the UK Financial Services Authority. LGIM(H) is a wholly owned subsidiary of Legal & General Group PLC ("Legal & General"), a publicly-traded company. These relationships are discussed further in Item 10.

**B. Types of Advisory Services**

We provide investment management services, generally on a fully discretionary basis, to our clients. Our focus is on fixed income assets, with an emphasis on credit strategies.

Our active fixed income strategies are:

- Long Duration ("LD") Credit
- Liability-Aware LD Credit
- Long Government Credit
- Liability-Aware Long Government Credit

Our investment strategy is described in more detail below in Item 8.

We offer liability driven investment ("LDI") investment management services supported by our affiliate, Legal & General Investment Management ("LGIM") under the terms of a Participating Affiliate Agreement (the "PAA"). The PAA is structured based on provisions of no-action letters issued by the SEC Staff. The types of support provided by LGIM include the design of LDI investment programs and the development and maintenance of asset-liability risk management tools. This arrangement is discussed further in Item 10.

We offer our services to clients through separately managed accounts. We are also the manager and investment adviser of two private investment funds which are organized as Delaware Limited Liability Companies (the "Private Funds"). The Private Funds are: LGIMA Long Duration US Credit Fund, LLC and LGIMA Canada LDI Fund, LLC. LGIMA serves as a sub-adviser to an unaffiliated investment adviser, SEI Investments Management Corporation ("SEI"). SEI is the investment adviser to SEI Institutional Investments Trust (the "Trust"), an open end management investment company registered with the SEC under the Investment Company act of 1940 (the "1940 Act"). The Trust is a mutual fund family that offers shares in separate registered open-end investment companies, or mutual funds. We provide sub-advisory services to SEI in relation to the SEI Institutional Investments Trust – Long Duration Fund (the "Mutual Fund"). The strategy, focus, fees, risks and other information concerning the Mutual Fund is as described in its current Prospectus.

### C. Client Tailored Services and Client Imposed Restrictions

At the start of the relationship, we and our client agree upon the investment objectives and appropriate levels of risk and restrictions on investments. These are set forth in an investment management agreement ("IMA"). Under the IMA, we assume discretionary responsibility for the day-to-day management and investment of all securities, cash and other investment instruments agreed upon with the client. Based upon this, we define the asset mix that is most likely to achieve the investment objectives, select investments, execute transactions and manage the client's assets.

The services we provide SEI are established in an Investment Sub-Advisory Agreement between ourselves and SEI.

### D. Participation in Wrap Fee Program

We do not participate in any Wrap Fee programs.

### E. Amounts Under Management

As of December 30, 2011, the most recent date for which calculations are available, we manage the following assets.

Discretionary Assets	\$23,760,922,807
Non-Discretionary Assets	0
<b>Total</b>	<b>\$23,760,922,807</b>

## ITEM 5 – FEES AND COMPENSATION

### A. How we are compensated for Advisory Services

Fees are subject to negotiation. The negotiation of fees may result in similarly situated clients paying different fees for comparable advisory services.

We charge a fee expressed as a percentage of the total value of the assets that we manage ("AUM"), generally determined at the end of each month (or quarter). The fees we charge vary based on the investment strategy employed and other factors. No minimum fee is charged; however, there will be a minimum initial investment required. This amount will vary depending on the client's desired investment strategy but will generally be \$25 million or more.

We offer reduced fees to affiliates that provide us with assets to manage, and may offer reduced fees to certain large or strategic investors.

Our basic fee structure is:

Figures below represent basis points of AUM

#### Long duration bond fee schedule

First \$100MM	30
Next \$150MM	20

Thereafter (\$250MM+)  
Minimum Account Size: \$100 million

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B. Payment of Fees

Fees are generally payable either monthly or quarterly in arrears, according to the terms of the IMA.

C. Clients Are Responsible for Third-Party Fees

Our fees are exclusive of brokerage commissions, "spread," transaction fees and other related costs and expenses: these are incurred by the client. Clients may incur certain charges imposed by custodians, brokers and other service providers such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

D. Prepayment of Fees

We do not require the prepayment of fees.

E. Outside Incentives for Recommendations of Securities

We do not accept any compensation from third-parties for the sale of securities. All compensation received by us comes from our clients.

## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not have any performance-based fee arrangements with our clients.

## ITEM 7 – TYPES OF CLIENTS

Our clients generally are affiliated and non-affiliated institutional investors, as well as pension plans and pension funds. We also provide discretionary investment management services to the Private Funds and to the adviser of a Mutual Fund.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategy

Portfolio construction begins with consideration of the client's investment objectives with respect to risk and potential returns. Once this occurs, the client's portfolio is grouped into a composite with those of other clients with similar investment objectives, guidelines, restrictions and benchmarks. This process helps the team that manages assets (defined below) define the universe of acceptable securities to be considered for investment. Assets are purchased on the basis of and subject to the investment objectives and restrictions in the client's IMA. The IMA stipulates the allowable types of investments and permissible ratings, concentrations and restrictions. The team reviews the IMA to ensure that it understands what it can and cannot do. It maintains communications with clients to ensure that it processes properly and timely every change to the IMA, including investment objectives and restrictions. Every decision to buy or sell is taken within the parameters of the investment objectives and restrictions.

Investment decisions with respect to issuer and specific bond exposures are a joint responsibility of our two teams, the Portfolio Management Team and the Credit Research Team. The Credit Research Team has four members who specialize in different sectors and industries. The analysts in the Credit

Research Team review financial results, management strategy, asset protection, covenants, collateral and relative valuations, and other factors, in formulating their recommendations. The Credit Research Team analysts and Portfolio Management Team members stay in constant communication about changes in research opinions and market dynamics. Portfolio managers consult with the Credit Research Team when considering transactions.

The securities and instruments in which we invest on behalf of clients include corporate bonds, preferred stock, municipal securities, sovereign debt, treasury debt, agency debt, credit derivatives, interest rate derivatives, money market instruments, asset backed securities (ABS) of all types including commercial paper, credit card ABS, auto ABS, student loan ABS, commercial mortgage ABS and residential mortgage ABS (agency, non-agency, subprime, Alt-A), futures contracts, swaps and other derivative instruments, along with certificates of deposit. All Assets are USD denominated.

Clients wishing to pursue an LDI strategy will deal in all instances with us, but it should be noted that the associated persons of our affiliate LGIM may be involved in providing such services – at all times through us and not directly to our clients. See Item 10.

**“Investing in securities involves risk of loss that clients should be prepared to bear.”**

**B. Material Risks Involved**

General Investment Risks: All investors bear certain risks when investing their money, regardless of the asset class, sector or instrument chosen. Securities or other financial instruments may fluctuate in value or lose value or may expose a client account to counterparty risks. While we seek to manage such risks, there can be no guarantee that we will be successful or that you will not suffer losses.

Fixed Income Market Risk: Fixed income securities' value generally increase or decrease based on changes in interest rates. If interest rates increase, the value of fixed income securities is highly likely to decline. On the other hand, if rates fall, the value of the fixed income securities is highly likely to increase. The longer a fixed income instrument's duration, the greater the impact a change in interest rates can have on its price.

**C. Risks of Specific Securities Utilized**

**Fixed Income Securities:**

Call Risk, Prepayment Risk: A callable fixed income security allows the issuer to call, or repay, the security early. Declining interest rates may accelerate the redemption of a callable security, causing an investor's principal to be returned sooner than expected. In that scenario, investors have to reinvest the principal at the lower interest rates. For, particularly, mortgage-backed securities, the risk exists that declining interest rates or a strong housing market will cause mortgage holders to refinance or otherwise repay their loans sooner than expected and thereby create an early return of principal to holders of the loans.

Credit Risk: Some fixed income securities carry the risk of default and/or downgrades over time. If an issuer defaults, it would be unable to pay scheduled interest and principal payments. Thus, an investor who experiences a default is highly likely to experience a loss in value. Fixed income securities can also be subject to a decline in credit ratings. As these ratings are one of the bases the market uses to price risk, a decline in the credit rating often leads to a decline in the market value of the security.



**Issuer Risk:** The value of a fixed income security may decline because of negative events or circumstances that directly relate to conditions at the issuer, its affiliates, or to any entity providing it credit support.

**Asset-Backed Securities:** Asset-backed securities may decline in value when defaults on the underlying assets (e.g. mortgages, student loans etc.) occur and these securities may exhibit increased volatility in periods of changing interest rates. When interest rates decline, the resulting prepayment of mortgages or assets underlying such securities may result in diminished returns.

**Derivatives:**

We invest on behalf of our clients in both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options, and swaptions, primarily for hedging purposes. These instruments can be highly volatile and expose clients to a risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. Over-the-counter derivatives also involve counterparty solvency risk and the risk that a buyer may not be able to be found, given the lack of an exchange market.

## **ITEM 9 – DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Our sole business is providing investment advisory services to our clients. We are not engaged in any other business endeavor.

### **A. Registration as a Broker/Dealer or Broker-Dealer Representative**

Neither we nor any management person are registered as a broker-dealer or as representatives of a broker-dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator or a Commodity Trading Advisor**

Neither we nor any of our management persons are registered as an FCM, CPO or CTA.

### **C. Relationships Material to this Advisory Business and Conflicts of Interests**

As noted above, we are a wholly owned subsidiary of LGIM(H) which, in turn, is a wholly owned subsidiary of Legal & General. We are an affiliate of LGIM, which is a "related person" as this term is defined and used in Form ADV.

Corporate Structure: Legal & General has three subsidiaries:

- LGIM(H), our parent company (and the parent of LGIM);
- Legal & General Insurance (Holdings) Ltd; and
- Legal & General Retail Investments (Holdings) Ltd.

We manage on a discretionary basis certain assets of Legal & General companies (the "L&G Assets") under a sub-advisory investment management agreement with LGIM. The L&G Assets consist of assets from portfolios of the following Legal & General companies:

- Legal & General Pensions Limited
- Legal & General Assurance (Pensions Management) Limited
- Legal & General Assurance Society Limited
- William Penn Life Insurance Company
- First British Bermuda Reinsurance Company II

Our Parent, LGIM(H): The activity between LGIMA and LGIM(H) (and any LGIM(H) subsidiary, including LGIM) is the following:

1. the control, not the supervision, of LGIMA by LGIM(H). LGIMA employs a Chief Compliance Officer and staff to implement and enforce the compliance policies, procedures and controls by which LGIMA supervises itself;
2. management of the L&G Assets for LGIM;
3. certain LGIM(H) officers or directors are directors of LGIMA;
4. LGIM(H) values the assets of and calculates the advisory fees for the L&G Assets, for LGIM. Controls have been implemented to ensure that the price feeds that are used to value the LGIM Assets are independent from any Legal & General group company and cannot be amended or substituted by LGIM(H), LGIM or LGIMA, although prices can be challenged through a documented, monitored and controlled price challenge process;
5. the provision of certain administrative, IT and operational services for LGIMA by LGIM(H) under a Service Level Agreement ("SLA"). These include the following: administrative (computer data processing, administration of banking, insurance and reinsurance, HR); finance and accounting; IT; legal, taxation, company secretarial, finance, treasury, internal audit, risk, press office and planning services; compliance with group matters (e.g. group wide Form 13F and 13H filings with the SEC); certain pricing services (noted above); and processing of certain derivative transactions. For these services, LGIMA pays LGIM(H) fees via indirect expense allocations
6. the LDI services offered by LGIMA to its clients based on the assistance of LGIM under the PAA.

To address the conflicts that arise as a result of our activities with LGIM(H) and LGIM, controls consisting of informational and operational barriers between LGIMA and LGIM in all aspects (other than in the limited instance of LGIMA acting as a sub-adviser to LGIM with respect to the LGIM Assets) and between LGIM(H) and LGIM as regards the activities of LGIMA have been put into place and are monitored.

The PAA: As noted above, under the terms of the PAA, the associated persons of LGIM provide LGIMA certain services regarding LDI for LGIMA for it to provide to its clients.

Under the PAA:

- the associated persons provide LDI services; and

- the participating affiliate, LGIM, is subject to compliance with certain controls, including record retention, ensuring personal account trading clearance for the associated persons and the provision of records to the SEC when and as required by the participating affiliate no-action letters and the PAA.

Certain Conflicts of Interest due to these Relationships:

LGIMA limits its securities buying and selling on behalf of itself for the LGIMA Capital Account only to commercial paper. LGIMA may buy or sell commercial paper for its clients. On occasion, LGIMA may buy or sell the same issue of commercial paper for itself and for its clients. As noted in Item 11.B, we do not believe that this involves a material conflict of interest.

Other than as stated in this brochure, LGIMA does not exercise discretion or control over the assets of any other Legal & General group company.

From time to time, an LGIMA client account may buy, hold or sell a security that a related person of LGIMA has, independently, caused one of its own clients or funds that it advises to buy, hold or sell. This would arise as a result of separate and independent investment processes.

LGIMA's policies and procedures, and controls, are intended to address the impact of these and other conflicts of interest. Information barriers exist that limit LGIMA and LGIM(H), and any related person or affiliate of LGIMA, from exchanging advice, recommendations or client positions. LGIMA's research, recommendations and placing of orders are done independently from LGIM(H), LGIMA's affiliates and all related persons. If investments in the same security were to occur, it would be the result of independent research, recommendations and trading activity, and not through information sharing (intentional or otherwise), knowledge or any other means.

The portfolio managers managing LGIMA's clients' accounts may manage other client accounts with an identical or substantially similar investment strategy. Side-by-side management of different types of accounts involves conflicts of interest when two or more accounts invest in the same securities or pursue a similar strategy. These conflicts include the favorable or preferential treatment of an account or a group of accounts, or those related to the allocation of investment opportunities, particularly with respect to securities that have limited availability such as initial public offerings and transactions in one account that follows closely related transactions in a different account (e.g. a purchase of securities for an account after a purchase of the same securities in another account has increased the value of the securities).

The results of the investment activities for one account may differ significantly from the results achieved for other accounts.

LGIMA seeks to ensure that all client accounts are treated fairly and equitably. Purchase and sale opportunities are allocated equitably. In general, investment decisions for each account are made with specific reference to the client's stated Investment Objectives and Restrictions. There is no requirement that LGIMA use the same procedures consistently with respect to all accounts. Different strategies and client guidelines and restrictions may lead to the use of different methodologies. Accordingly, LGIMA may exercise investment responsibility or take other actions for some clients that may differ from the advice given, or the timing and nature of actions taken, for other clients, provided that LGIMA seeks to assure that all clients are treated fairly and equitably. Investment results for different accounts, including accounts that are generally managed in a similar style, may differ as a result of these considerations. Some clients may not participate in certain investments in which other clients participate, or may participate to a different degree or at a different time than other clients do.

All aspects of operations under the PAA are monitored to ensure that no LGIM person other than the associated persons are involved in the provision of LDI services, and that LGIMA client information is properly safeguarded and segregated and subject to strict controls.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Code of Ethics**

We administer and enforce a Code of Ethics ("Code") pursuant to the Investment Advisers Act of 1940 ("Advisers Act") Rule 204A-1. This includes provisions to address ethical standards of behavior, conflicts of interest, personal account trading, the reporting of violations of the Code and other requirements. We treat all employees and persons engaged with us as "access persons" and "supervised persons", as defined in the Advisers Act and Rule 206(4)-7. Certain provisions of the Code cover their "connected persons" (family members living in their households and sharing beneficial ownership of securities). Key areas covered by the Code are:

- prohibition against the misuse of material non-public information;
- personal trading rules (pre-clearance, reporting and analysis);
- limits on and reporting of gifts and entertainment;
- dealing with conflicts of interest;
- respecting LGIMA corporate and client confidential information;
- establishing standards of behavior; and
- requiring the reporting to the Chief Compliance Officer ("CCO") of any violations of the Code.

This is a summary of our Code. We will provide you with a copy of our Code upon request.

### **B. Recommendations Involving Material Financial Interests**

We may, under unusual circumstances, buy or sell for a client commercial paper which we may buy or sell for our own account. We believe the opportunities for this circumstance to arise are limited and, due to the generally liquid nature of the markets for commercial paper, unlikely to present a material conflict of interest with our clients. Nevertheless, when such an occurrence arises, we will document the transaction and closely monitor the situation.

### **C. Investing Personal Money in the Same Securities as Clients**

Personal trading may only be undertaken consistent with our Code, which contains controls intended to prevent our personnel from investing in the same securities as clients. Among these is a prohibition on trading in fixed income securities for personal accounts. Nonetheless, under certain unusual circumstances, our personnel may be invested in the same securities as our clients.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, under certain unusual circumstances, LGIMA personnel may buy or sell securities for themselves at or around the same times as clients.

***It is the express policy of LGIMA that no access person or associated person shall breach a fiduciary duty owed to a client, place his or her own interests ahead of those of a client or make personal investment decisions based on the investment decisions or orders being worked for clients.***

As discussed above, we purchase and sell commercial paper in the LGIMA Capital Account. LGIMA buys or sells commercial paper for its clients. On occasion, the same issue of commercial paper is bought or sold for the LGIMA Capital Account and for our clients. When such an occurrence arises, we will document the transaction and closely monitor the situation.

LGIM, which provides advisory services to certain of our clients pursuant to the PAA, may recommend securities to its own clients or invest on its clients' behalf in securities that are the subject of recommendations to or discretionary trading on behalf of LGIMA's clients. See Item 10 for further information about the PAA and controls intended to address conflicts of interest relating to the PAA.

## ITEM 12 – BROKERAGE AND TRADING PRACTICES

### A. Factors Used to Select Broker-Dealers/Counterparties

Selection: We receive authority from our clients pursuant to IMAs, which authorize us to select brokers and dealers through which to execute transactions on behalf of our clients. We are generally not required to provide notice to, consult with or seek the consent of clients prior to engaging in transactions.

We have processes and procedures to approve brokers and counterparties. Requests are approved by the Head of US Fixed Income and the Chief Executive Officer ("CEO") or the Chief Operating Officer ("COO") before trading may commence.

We place orders with counterparties/brokers that are on our approved list. Before a broker or counterparty may be used, it must have been reviewed and approved in accordance with our Broker and Counterparty Approval and Monitoring Procedures. The only exception to this process may be cases where the approval process takes longer than expected. In such instances, in order to take advantage of the investment opportunity beneficial for the client, we may execute a trade with a broker that has been submitted for approval, but has not been approved yet. This is done only with the prior approval by the Head of US Fixed Income and the CEO or the COO.

A primary consideration in assessing and selecting any broker or counterparty will be an assessment of counterparty risk and the provision of best execution. The selection of brokers and counterparties is based on a number of factors which include the quality of sales coverage, the ability to generate ideas and research recommendations, capital commitment/liquidity, certainty of execution, product availability, and credit worthiness. Rather than employing a specific formula to evaluate these criteria and submit a prospective counterparty for approval, the desk relies on experience and general knowledge to determine whether or not to pursue approval. However, provided best execution is not prejudiced, the selection of a particular broker or counterparty may also be influenced by other factors as follows:

- liquidity concentration;
- fees charged;
- quality of research;
- level of specialist trading expertise in particular markets;
- operational infrastructure;
- compliance with applicable laws and regulations; or
- financial condition.

Among the factors considered in approving counterparty's credit worthiness are broker's P&L, balance sheet, credit rating and types of trades.

**Monitoring and Evaluation:** We monitor the quality of each counterparty's services and periodically evaluate each for the purposes of deciding whether to place trades with such counterparty, or whether to close a relationship.

**Trading:**

Sales or purchases may be done independently, based on historical experience with dealers across sectors or via a Bid Wanted in Comp ("BWIC") or Offer Wanted in Comp ("OWIC"). If a trade is to be executed via a BWIC or OWIC, major market participants or institutions making markets on the security or asset class are included on the list. A security or list of securities is sent to all identified institutions (per the criteria above), and after a reasonable amount of time, each party will send in a bid or offer based on what is consistent with the market for the security such as spread to swaps, spread to Treasuries, discount margin or simply dollar price. The party with the best bid or offer level or price is then selected and the trade is executed with that party.

Regarding trades not effected by BWIC or OWIC, trades are executed with parties that have the best market or are consistent market makers in the security. Market reasonability can often be assessed by examining price runs from a variety of participants and dealers or via phone, Bloomberg, TradeWeb, e-mail or other sources.

LGIMA may operate in the OTC or derivatives markets where liquidity may be thin or prices may not move along a continuum. Achieving a desired trading outcome may be more complex than simply buying or selling at the best price and will depend significantly on the decision taken by investment managers on when and with which counterparty to execute a particular trade.

**Best Execution:** Best execution applies only to secondary market trades as all new issue purchases will be executed with the sponsoring institution of the new issue transaction at the offering price.

Best execution does not necessarily mean achieving the lowest possible price or transaction cost. The key criterion is "whether the adviser selects the transaction that represents the best qualitative execution for the account. It is a qualitative assessment bearing in mind factors such as:

- price;
- costs;
- speed;
- likelihood of execution;
- likelihood of settlement;
- size of the trade;
- nature of the trade; and
- any other factor relevant to the execution of the order.

The relative importance and weighting of these factors varies trade by trade and is determined by reference to the characteristics of the order, the instrument, the execution venues on which the order can be executed and the characteristics and categorization of the client. These are assessed by the Portfolio Management Team in deciding how best to transmit and/or execute each order. Because of the complexity of this analysis and the complexity of each client's trading strategy, LGIMA relies on

the judgment and skill of its traders to achieve best execution on a case-by-case basis and on the processes described herein.

When considering best execution, the Portfolio Management Team seeks to gather price information from a variety of sources as previously described in order to judge relative value. In this process, information about inventory levels is also generally disclosed. Historical experience with counterparties is also factored in as quotes received from counterparties are not firm obligations and counterparties may not be able to honor quotes previously provided. Ultimately, the Trading Desk will execute with the counterparty that is most likely to maximize the benefit to our client's portfolios based on the factors previously outlined. Not all secondary market transactions in corporate bonds are executed in competition because the issuer or security may be unique and LGIMA must exercise discretion in sourcing a trade so as not to draw undue market attention to our inquiry. Revealing our intent in some circumstances may have a material negative impact to our ability to maximize value for our clients.

The Head of US Fixed Income reviews best execution by periodically reviewing executed trades against generic quotes available via Bloomberg runs to ensure execution levels are broadly consistent with what the Bloomberg runs indicate. Other factors considered in this review are the size of the executed trades, the counterparties the trades were executed with and whether or not there is anything unique about the issuer or security that factored into the trading decision. This is achieved by examining a random sample of executed trades. After completing the review, the Head of US Fixed Income acknowledges that the reviewed trades were executed in accordance with the Best Execution Policy and submits the review results to Compliance. The CCO reviews the submitted results on a monthly basis to ensure all sampled trades were confirmed by the Head of US Fixed Income as being in compliance with the Best Execution Policy.

**The relative importance and weighting of these factors varies trade by trade and is determined by reference to the characteristics of the order, the instrument, the execution venues on which the order can be executed and the characteristics and categorization of the client. These are assessed by the Portfolio Management Team in deciding how best to transmit and/or execute each order. Because of the complexity of this analysis and the complexity of each client's trading strategy, LGIMA relies on the judgment and skill of its traders to achieve best execution on a case-by-case basis and on the processes described herein.**

A1a-e. Research and Other Soft Dollar Benefits

While we do not have formal "soft dollar" arrangements, we may pay a broker or counterparty a spread in excess of that which another broker may have charged for effecting that transaction, in recognition of the value of the research provided by that broker. In selecting a broker providing research to execute client transactions, we will make a good faith determination that the amount charged is reasonable in relation to the value of the research received, viewed either in terms of the specific transaction or our overall responsibility to the accounts over which we exercise investment discretion.

We may choose on a case-by-case basis to place a trade with a particular broker when, for example, a research analyst at that broker has furnished us with valuable perspective or advice regarding a specific company or security or its trading market. In order to have continued access to that type of perspective and advice, we may develop relationships with brokers who have research and analytical expertise relevant to the needs of LGIMA and our clients.

Such products or services received from brokers as a result of clients' transactions may be used by us in servicing other accounts.

A2a-b. Brokerage for Client Referrals

We do not receive client referrals from brokers.

A3b. Client Directed Brokerage

We do not permit client-directed brokerage.

C. Aggregating (Block) Trading for Multiple Client Accounts

We will generally execute transactions on an aggregated basis when we believe this will allow us to obtain best execution and negotiate more favorable commission rates or other transaction costs that might have otherwise been paid had such orders been placed independently. When aggregating orders, all of our clients will be treated in a fair and equitable manner. We will not aggregate orders unless aggregation is consistent with our duty to obtain best execution. No account will be favored over any other client; however, a variety of factors are determinative of whether or not a particular client may or may not participate in a particular aggregated transaction. These factors include, but are not limited to: investment objectives and strategies, position weightings, cash availability, and risk tolerance. Because of differences identified above, there may be differences in invested positions and securities held which could lead to security dispersion among client accounts.

Trade Errors: Consistent with our fiduciary duties, our policy is to exercise care in making and implementing investment decisions for client accounts. Under our trading errors policy, to the extent trading errors occur, we seek to ensure that clients' best interests are served. Our policy is to resolve all trade errors as quickly as possible while ensuring the client is not disadvantaged, consistent with the orderly disposition (and/or acquisition) of the securities in question. Actual losses suffered by a client account as a result of a trade error caused by us will be reimbursed by us; however, as a general matter, we do not compensate its clients for lost investment opportunities (e.g., its failure to take advantage of investment or market improvements).

## ITEM 13 – REVIEW OF ACCOUNTS

A. Frequency and Nature of Periodic Reviews and Who is Responsible for Reviews

We maintain continuous scrutiny of our performance, the positions in the accounts we manage and also the consequences of risk. Our operations team and portfolio managers conduct daily review of the investment activities in each client account in an effort to ensure that the assets are managed in conformity with the stated investment objectives and restrictions.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

We may review client accounts as a result of major changes in macro- or microeconomic conditions, and material market, economic or political events. Further, changes in regulation may cause us to review client accounts.

C. Content and Frequency of Regular Reports Provided to Clients

Clients typically receive on a monthly basis: (i) statements from the applicable account custodian, which include, among other things, the change in value of their accounts since the last reports that were provided, and (ii) communications from us explaining recent trading activity. Clients typically



receive on an annual basis: (i) statements from the applicable account custodian containing performance information based on an agreed upon set of procedures.

We also may provide reports to clients that are tailored to meet client requests.

#### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

We have not entered into any contractual arrangements or agreements with firms or individuals that may solicit or have solicited clients for us.

#### **ITEM 15 – CUSTODY**

For our separately managed account clients and in the case of the Mutual Fund, we do not maintain custody of client assets.

In our role as managing member of the Private Funds, we may have legal access to the Private Funds' securities or funds in a manner which could result in our being deemed to have "custody" of the Private Funds' assets. To mitigate the risks posed by this arrangement:

- 1) The assets of the Private Funds are maintained with independent, qualified custodians;
- 2) The Private Funds will be audited by an independent accountant registered with and subject to regular inspection by the Public Company Accounting Oversight Board ("PCAOB") annually, and we will send copies of these financial statements to investors of the Private Funds.

All clients receive statements of account holdings from their custodian not less than quarterly, and in most cases, monthly. We also maintain policies and procedures designed to provide reasonable assurance that our client's qualified custodian is sending these statements directly to our client and that we do not inadvertently obtain further custody over client assets. We encourage clients to compare information in our reports to reports provided by the client's qualified custodian. We have no affiliated qualified custodians.

#### **ITEM 16 – INVESTMENT DISCRETION**

As discussed above, we have discretionary authority to manage the assets in a client's account subject to the investment limitations and restrictions set out in the IMA relating to that account.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

Our proxy voting policies and procedures are adopted to ensure compliance with Rule 206(4)-6 under the Advisers Act and are designed and implemented in a manner reasonably expected to ensure that proxy voting is exercised in the best interests of our clients. For purposes of these policies and procedures, proxy voting includes any voting rights, consent rights or other voting authority of ours on behalf of its clients, but shall not include matters which are primarily investment decisions, including tender offers, exchange offers, conversions, put options, redemptions and Dutch auctions.

All issues concerning the voting of proxies are considered on a case by case basis in the best interests of our clients as determined by the portfolio manager, who takes into consideration any relevant contractual obligations under our client IMA, as well as other applicable facts and circumstances.

Recognizing that proxy voting is a rare event in the realm of fixed income investing and is typically limited to the solicitation of consent to changes in features of debt securities, these policies and procedures also apply to any voting rights and/or consent rights of LGIMA, on behalf of our clients, with respect to debt securities, including but not limited to, plans of reorganization, and waivers and consents under applicable indentures.

While we actively monitor corporate events, in the majority of cases it may not be possible or in the client's best interests for LGIMA to vote all proxies concerning corporate actions. This may be because:

- The size of the clients and of the positions held may mean it is uneconomic and not in the client's best interests to employ a proxy service to manage the voting of all proxies;
- Trading strategies employed by the clients may mean that positions are held on a short term basis and the periods of ownership may not give rise to voting rights;
- The client's trading strategy may mean that it is not in the best interests of the client to "block shares" for a certain period as the client may wish to be able to dispose of those shares at any time.

Team members will use their discretion and judgment in deciding whether it is in the best interests of the client to vote particular proxies on a case-by-case basis. LGIMA does not adopt a set of proxy voting policies indicating which way it will vote on particular issues. All issues are considered on a case-by-case basis in the best interests of the clients as determined by the Team member.

We monitor compliance with our policy and report discrepancies to Compliance who will evaluate the situation and take action as required.

Conflicts of Interest: We have policies and procedures designed to manage the voting of proxies in the case of securities which may be the subject of a conflict of interest.

The Head of Fixed Income will review each proxy to determine whether voting or not voting the proxy gives rise to a material conflict of interest. As part of this review, we will determine whether the issuer of the security or proponent of the proposal is a client of ours, or if a client has actively solicited us to support a particular position. If no conflict exists, the Head of Fixed Income will determine whether to vote the proxy. However, if a conflict does exist, we will seek to resolve any such conflict in accordance with these policies and procedures, failing which the proxy might not be voted or voted in a certain manner. All such situations will be documented.

In the event any conflict of interest may arise, we will disclose the circumstances of any such conflict to client(s) and in most cases either convene an ad-hoc committee to assess and resolve the conflict, forward the proxy materials to the client to vote, vote according to recommendation of an independent third-party service provider or take such other action as may be appropriate under the particular circumstances.

Disclosure: Except to the extent required by applicable law or otherwise approved by LGIMA, we will not disclose to third parties how it voted a proxy on behalf of a client. However, upon request from an appropriately authorized individual, we will disclose to our clients or the entity delegating the voting authority to us for such clients (e.g., trustees or consultants retained by the client), how we voted such client's proxy.

## **ITEM 18 – FINANCIAL INFORMATION**

We do not have any adverse financial information to disclose. Our management believes that we are financially sound.